

CD NO.

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SUPPLEMENT TO
REPORT NO.

50X1-HUM

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Document No. _____
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 Class. Changed To: TS S C
 Auth.: HR 70-2
 Date: JUN 8 By: _____

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year. No practicable plan was, in fact, ever evolved as the result of the counter-blockade was suddenly to divert all trade to the East, as a result of which minute to minute decisions had to be taken which made long term planning impossible. The foreign trading plan is still in principle imposed by necessity, in so far as products are imported which are essential for carrying out the production and investment plans, while on the other hand little attempt is made to produce goods for export or even more for internal consumption. The investment plan also was unsatisfactory as the sums available for particular projects were not, in fact, adequate for the purpose. As only limited additional financial resources could be made available, it was necessary in the middle of the year to prepare a so-called "additional investment plan" (Zusatzinvestitionsplan). The plan only partially deserved this name as it succeeded in providing additional capital for certain projects, while at the same time others had to be entirely or partially stopped. It was impossible at the beginning of the second half of the year to form a clear picture of the investment situation as the reporting system did not function properly. The individual firms, as a result of their attempts to obtain outside assistance, sent in incomplete returns.

The Economic Plan for 1950

3. The shortcomings of the 1949 plan were "not to be repeated". Preparatory work for the plan for 1950 was begun in June 1949. Quotas (Kontrollziffern) for the individual firms and for the less important products were prepared and sent to the DMK Divisions and Land Governments for comment. After these comments had been received, the quotas were amended by HV Economic Planning in consultation with their opposite numbers in the Economic Planning Department of the SMA. In the middle of July 1949 the final quotas, which were not to be altered, were issued by Leuschner, the head of the HV Economic Planning. Only those quotas which had been approved by the Economic Planning Department of the SMA were allowed to be made public. The Land Governments and Technical Departments were required to prepare their draft plans on the basis of these quotas and submit them to the HV Economic Planning by 15 August 1949. As these quotas finally determined the production of each branch of the industry, the authorities concerned were able to assess the amount to be produced in order to correspond with the value set by the quota. On 20 August 1949 the complete DMK plan was laid before the SMA. It now remains only to wait for the publication of the final plan before the end of the year.
4. The target set by the SMA and the SED for the 1950 plan is 100 percent of the production in 1936 for the Russian Zone as a whole. For this reason, the SMA has paid no attention to objections on the part of the representatives of certain branches of industry who feel themselves unable to achieve this production in view of raw material or other difficulties, the quotas set by the SMA being in every case equivalent to those of 1936 regardless of difficulties. The danger of the production and distribution plan is that it might be approved by the HV Economic Planning before being issued by the HV Materialversorgung. There is, therefore, considerable danger for the following reasons: The figures of the production plan are in certain points unrealistic and from these unrealistic figures the distribution plan must be made, e.g. the planned production of coal corresponds with the planned distribution, whereas in reality actual production will be considerably lower. It is possible, therefore, that in theory more will have to be distributed than in fact has been produced.
5. The difficulties in preparing an investment plan are even greater than those encountered in 1949 as no one knows whether or not the projects which have been given financial support in 1949 will be able to be carried out in time or whether they will not run on into 1950. The difficulties for the foreign trading plan are similar to those discussed above.

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6. The production figures for 1936 are based on the records of the former Statistisches Reichsamt for the industrial production of Germany in that year. These records are still held in the Central Statistics Office of the DMK. These records, which are written from the German point of view and in German terminology have been rewritten by the Central Statistics Office of the DMK in accordance with the corresponding Russian divisions of branches of industry and products in Russian terminology. In addition, the figures for the factories and concerns now in the Russian Zone had to be separated from the figures for the whole of Germany, with which the 1936 figures were concerned. This was particularly difficult in the case of large combines which had branches all over Germany. As a result of this, the new figures are in places entirely contradictory and cannot form a safe basis for future planning. Furthermore, the SMA possesses its own set of production figures for 1936, which are always given priority in the event of discrepancies between the two sets of figures.
7. It is not known where the SMA got these figures. From all this it can be seen that the exact target of the 1950 production plan is still somewhat in doubt as various definitions exist. Apart from the lack of an exact definition of production figures in the past, there is also a lack of clear and unequivocal production figures for the present. In the second half of 1948 a census of the capital equipment of all industrial concerns in the Russian Zone was carried out. No report has, however, been issued up to the present. The responsible officials in the Central Statistics Office have given their opinion that it is practically impossible with the information received to form a clear picture, as individual factories sent in returns which were very bad and inaccurate. It is believed this was done intentionally in fear of requisitioning or dismantling. In spite of the pressure which was brought to bear, it was impossible for the Central Statistics Office to prepare a report which could be used for the 1950 plan.

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